

**CITY OF LODI  
INFORMAL INFORMATIONAL MEETING  
"SHIRTSLEEVE" SESSION  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, JUNE 28, 2005**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, June 28, 2005, commencing at 7:00 a.m.

**A. ROLL CALL**

Present: Council Members – Hitchcock, Johnson, and Mayor Beckman

Absent: Council Members – Hansen and Mounce

Also Present: City Manager King, Deputy City Attorney Magdich, and City Clerk Blackston

**B. TOPIC(S)**

**B-1 "Utilities Quarterly Report"**

Public Works Director Prima recalled that a total of \$30 million was borrowed in 2003 and 2004 to go toward the White Slough plant. Over \$18 million has been spent thus far, and a third financing is contemplated in 2006, as well as the possibility of refinancing the 1991 Certificate of Participation.

Del Kerlin, Assistant Wastewater Treatment Superintendent, reported that in 2000 the City was issued a waste discharge permit by the State, which required a tertiary treatment process for discharge into the Delta. The aeration system was also improved and ground work done in preparation for future projects. A cloth media type filter and ultra violet disinfection system was used. In early 2004, equipment was ordered and a contractor, Western Water, was hired who installed the tertiary treatment and ultra violet disinfection equipment, which went on-line in January 2005. Mr. Kerlin noted that organics are building up in the number one storage pond and this will have to be addressed in the near future.

Mr. Prima added that the older part of the plant is in need of upgrading, as the design capacity of 8.5 million gallons a day cannot be processed to the level that is needed. Design work on upgrading the secondary plant will begin this year and is expected to be built in 2006-07. The City's permit expired in January 2005 and a new permit was applied for in July 2004. Staff will be evaluating methods for nitrogen removal this year.

Charlie Swimley, Senior Civil Engineer, reviewed a handout entitled "Infrastructure Replacement Program Update" (filed). He reported that much of the City's water, wastewater, and storm drain infrastructure is over 75 years old and many water mains were constructed from two- and three-inch pipe, which needs to be replaced with eight-inch diameter mains. Water and wastewater rates were increased in part to pay for infrastructure replacement program costs. To date, eight projects have been completed at a cost of \$5.5 million. By spring 2006, 22% (77,000 feet) of the two- and three-inch water mains will have been taken out of service. 34,200 lineal feet of wastewater main has been rehabilitated. Mr. Swimley reviewed the following projects planned for 2005-06: 1) 10,000 feet of central plume (PCE/TCE contamination) pipes will be lined, of which the Environmental Protection Agency will pay 55% of the project cost; 2) the Lockeford Street water main replacement project is nearly designed and will go out to bid before the end of 2005; 3) Olive Court main replacement; and 4) storm drain improvements associated with the Lodi Avenue overlay.

Electric Utility Director Vallow reviewed handouts (filed) and described capital projects that were designated in the 1999 bond. The Killelea substation reconstruction is estimated at \$4.5 million. Installation of transformer #2 at the industrial substation will cost between

\$850,000 and \$1.5 million. He stated that the cost of projects are typically 20% for engineering and design, and 80% contracted out. The Utility's goal is to shift the cost to 35% engineering and design, and 65% contracted out. The new west side substation is in the pre-design stage and will initially cost between \$3.5 million to \$4.5 million, and at build out will cost \$6.5 million. Staff anticipates breaking ground on the project in approximately two years. It is hoped that the new Municipal Service Center building will also house the animal shelter and a fire station. Electric Utility's portion of the cost would be approximately \$5 million. A concept design will be solicited within the next two months. As time permits, staff is re-grounding and fusing streetlights throughout the entire City. The first phase of fiber optic installation is 60% complete. He explained that the timing of projects depends upon how much of the Utility's rates are set aside in capital reserves. Using examples in the handout, Mr. Vallow reviewed what staff considers when deciding when and how to buy power, who to buy it from, and over what time period. He pointed out that with "certainty" comes a cost. Staff, with the assistance of the Northern California Power Agency (NCPA), will be developing a future buying / market strategy. He stated that, currently, NCPA does not buy out beyond one year forward.

In answer to questions posed by Mayor Pro Tempore Hitchcock, Mr. Vallow stated that the decision and risk threshold for buying power is his responsibility. McDonald Partners does modeling and market analysis and are the intermediary between Lodi and six counter parties that power is bought from and sold to. Lodi Electric Utility is on the market for 250,000 megawatt hours a year. He calculated that a \$2 swing in power price over the course of a year would equate to \$650,000.

City Manager King stated that establishment of a policy for purchasing bulk power would be brought forward for Council consideration in the future. He commented that with a large reserve comes the luxury of greater risk and the opposite is true with a small reserve, as is the case now.

In reply to Council Member Johnson, Mr. Vallow explained that the Steam Injected Gas Turbine (STIG) efficiency is 30% less than the market. The Utility purchases gas primarily to run in the STIG plant. He stated that, if money is going to be saved this year, it would be on the off-peak markets where half the Utility's power is purchased.

Mayor Pro Tempore Hitchcock asked that Council be provided with a historical summary of Lodi's power purchases compared to the actual market.

**C. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS**

None.

**D. ADJOURNMENT**

No action was taken by the City Council. The meeting was adjourned at 8:28 a.m.

ATTEST:

Susan J. Blackston  
City Clerk

*filed 6-28-05*

**Infrastructure Replacement Program Update**  
**June 28, 2005**

**Presentation Outline:**

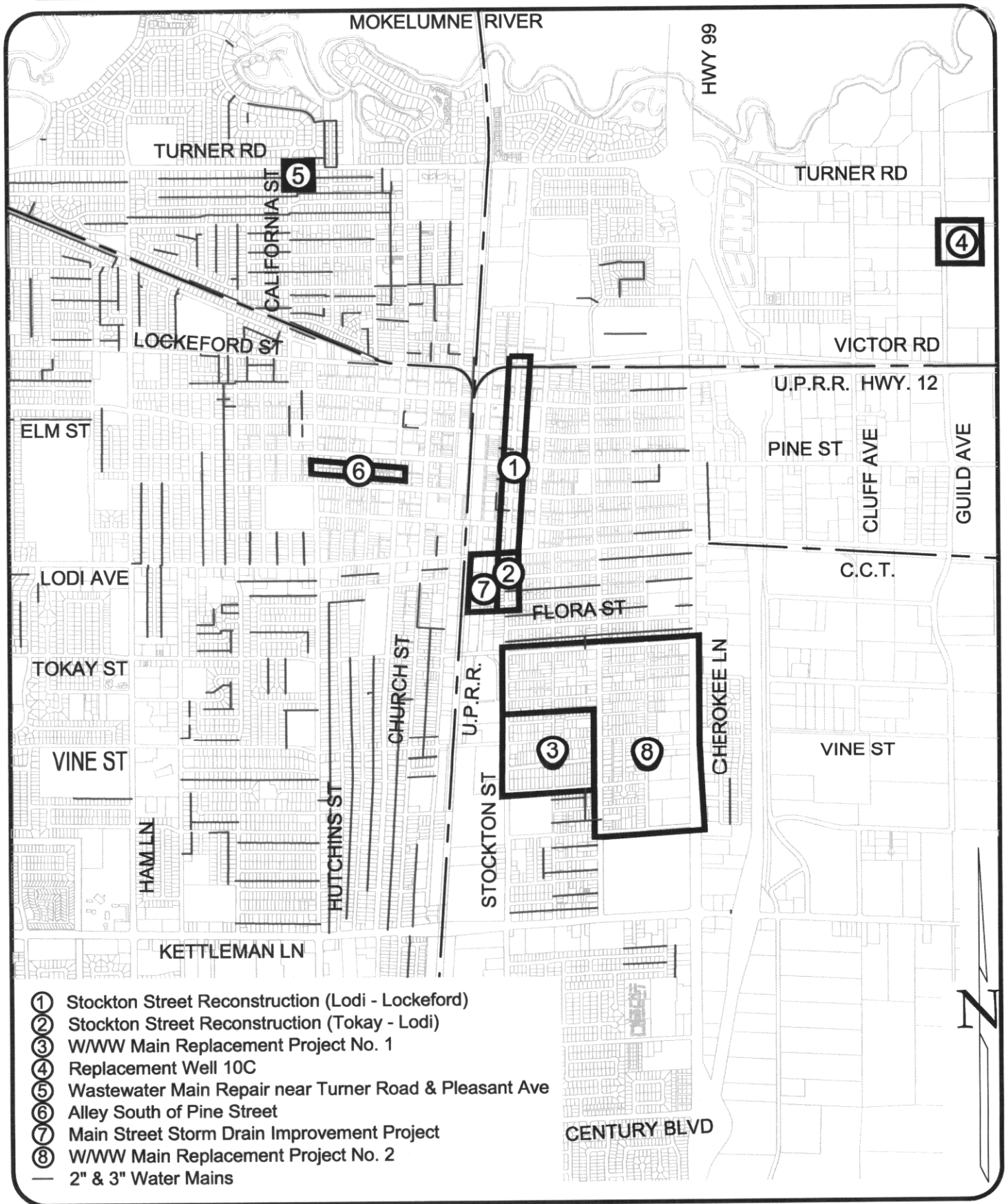
- **Program Goals**
- **Program History**
- **Project Criteria**
- **Program Highlights**



# CITY OF LODI

PUBLIC WORKS DEPARTMENT

## Water Wastewater Projects (2001 - Present)



**Water Wastewater Projects  
(2001 to Present)**

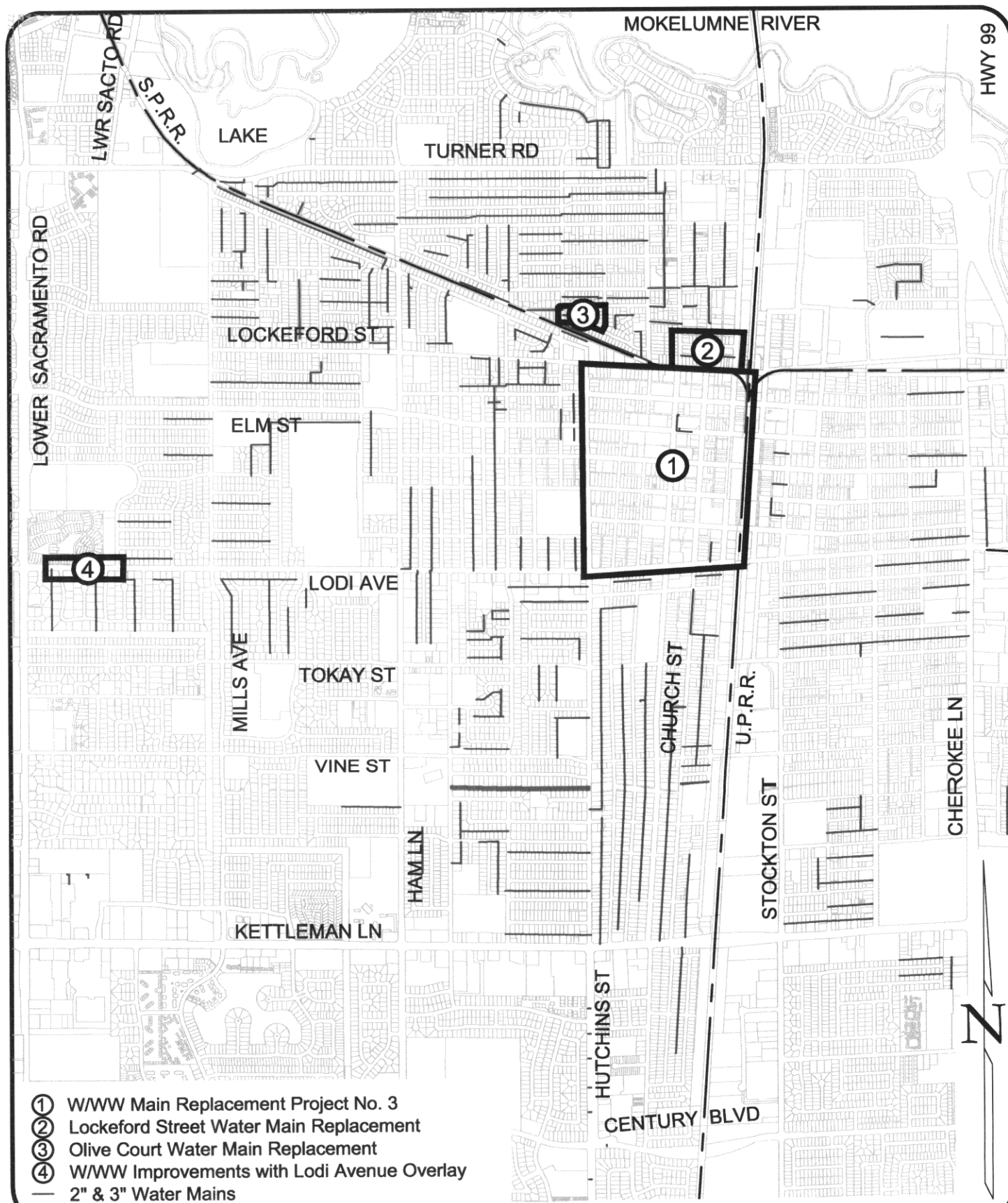
	Project	Date Approved by Council	Water Main Installed			Water Main Removed	Wastewater Main Rehabilitated			Construction Expenditures		Pay Status	Schedule
			Pipe (LF)	Hydrants	Services		Pipe (LF)	MH's	Services	Water Fund	Wastewater Fund		
1	Stockton Street Reconstruction (Lodi - Lockeford)	2001	2,700	3	6	2,700	2,536	8	20	\$ 170,603.82	\$ 208,052.85	Final	Completed
2	Stockton Street Reconstruction (Tokay - Lodi)	2001	1,511	4	17	1,511	1,560	7	26	\$ 95,659.50	\$ 119,813.50	Final	Completed
3	W/WW Main Replacement Project No. 1	2002	3,304	7	171	4,500	4,100	18	146	\$ 661,314.14	\$ 377,589.46	Final	Completed
4	Replacement Well 10C	2002	-	-	-	-	-	-	-	\$ 206,074.00	\$ -	Final	Completed
5	Wastewater Main Repair Near Turner Road and Pleasant Ave.	2003	-	-	-	-	245	-	5		\$ 17,548.25	Final	Completed
6	Alley South of Pine Street	2003	-	-	-	-	1,186	5	53		\$ 96,027.09	Final	Completed
7	Main Street Storm Drain Improvement Project	2004	-	-	-	-	1,097	10	-		\$ 169,873.87	Final	Completed
8	W/WW Main Replacement Project No. 2	2004	6,760	12	320	11,300	12,066	50	320	\$ 1,155,937.64	\$ 888,401.24	(Est.)	Jul-05
TOTALS			14,275	26	514	20,011	22,790	98	570	\$ 2,289,589.10	\$ 1,877,306.26		
											\$ 4,166,895.36		



# CITY OF LODI

PUBLIC WORKS DEPARTMENT

Water / Wastewater Projects  
(Planned for 2005 - 2006)



**Water Wastewater Projects**  
(Planned for 2005 - 2006)

	Project	Date Approved by Council	Water Main Installed			Water Main Removed	Wastewater Main Rehabilitated			Estimated Construction Expenditures		Pay Status	Schedule
			Pipe (LF)	Hydrants	Services		Pipe (LF)	MH's	Services	Water Fund	Wastewater Fund		
1	W/WW Main Replacement Project No. 3	2005	-	-	-	-	10,000	90	200	\$	836,000.00	(Est.)	Spring 2006
2	Lockeford Street Water Main Replacement	2005	1,041	1	15	840	245	3	4	\$	152,000.00	\$ 66,000.00 (Est.)	Fall 2005
3	Olive Court Water Main Replacement	2005	403	-	-	370	-	-	-	\$	122,000.00	(Est.)	Fall 2005
4	Lodi Avenue Overlay	2005	-	-	-	-	1,170	2	-	\$	160,000.00	(Est.)	Fall 2005
TOTALS			1,444	1	15	1,210	11,415	95	204	\$	274,000.00	\$ 1,062,000.00	
											\$ 1,336,000.00		

# Water Wastewater Projects Summary

Projects	Water Main Installed			Water Main Taken Out of Service	Wastewater Main Rehabilitated			Construction Expenditures		
	Pipe (LF)	Hydrants	Services		Pipe (LF)	MH's	Services	Water Fund		Wastewater Fund
Completed	14,275	26	514	20,011	22,790	98	570	\$	2,289,589.10	\$ 1,877,306.26
Planned	1,444	1	15	1,210	11,415	95	204	\$	274,000.00	\$ 1,062,000.00
End of 2005/2006 Totals	15,719	27	529	21,221	34,205	193	774	\$	2,563,589.10	\$ 2,939,306.26
									\$	5,502,895.36

% of 2" & 3" Water Mains Taken out of  
Service

22%



filed 6-28-05

# Electric Utility Department

<u>Capital Projects-1999 Bond</u>	<u>Status</u>
Killelea S/S Reconstruction & Industrial S/S additional 60kV PCB	Ready for Bid
New West Side Substation - Engineering, design & construction	Requires Engineering/Design
Henning & McLane S/S - 60 kV OCB, RTU & relay panel replacement	Requires Engineering/Design
Industrial S/S - Install TR #2 & 12kV feeders (Phase 1 -Eng & Design only)	Requires Engineering/Design
New Municipal Service Center-East	Requires Engineering/Design

# Electric Utility Department

<u>Other Projects</u>	<u>Status</u>
Grounding & fusing steel streetlights	Engineering complete
Installation of automatic meter reading (AMR) system	Meter standard complete pending approval
Relocation of 60kV transmission line to West Side area	Engineering/Design in progress
Fiber optic installation - Phase 1 Loop	In construction, 60% complete
Industrial S/S - Install Transformer & Feeders (Phase 2 -Construction only)	Requires Engineering/Design
Fiber optic installation - Phase 2 Henning to McLane Backbone	Ready for construction
Henning S/S - Construction of driveway & gate	Waiting Public Works Engineering
Phase 5 streetlight completion project	Engineering/Design in progress

# Peak Period Forward NP15 electricity prices rose about \$2/MWh in response to higher gas and oil prices

DAY	Jul-05	Q3.05	Q4.05	Q1.06	Q2.06	YR06	YR07	YR08	YR09
6/6/05	\$ 69.25	\$ 72.00	\$ 73.75	\$ 76.50	\$ 64.25	\$ 74.00	\$ 73.00	\$ 71.00	\$ 69.00
6/7/05	\$ 68.50	\$ 72.25	\$ 74.00	\$ 76.50	\$ 64.50	\$ 74.00	\$ 73.00	\$ 71.25	\$ 69.25
6/8/05	\$ 67.25	\$ 71.75	\$ 73.25	\$ 76.00	\$ 64.50	\$ 73.75	\$ 73.25	\$ 71.25	\$ 69.50
6/9/05	\$ 67.25	\$ 71.00	\$ 74.25	\$ 77.00	\$ 64.75	\$ 74.25	\$ 73.75	\$ 71.75	\$ 70.00
6/10/05		\$ 70.00	\$ 73.75	\$ 76.50	\$ 64.75	\$ 74.50	\$ 73.75	\$ 71.75	\$ 70.00
6/13/05	\$ 66.50	\$ 71.25	\$ 75.25	\$ 78.00	\$ 65.50	\$ 75.25	\$ 74.50	\$ 72.50	\$ 70.50
6/14/05	\$ 67.25	\$ 71.25	\$ 75.00	\$ 77.75	\$ 66.00	\$ 75.50	\$ 74.50	\$ 73.00	\$ 71.00
6/15/05	\$ 67.25	\$ 72.50	\$ 76.50	\$ 78.50	\$ 66.50	\$ 76.25	\$ 75.00	\$ 73.75	\$ 72.50
6/16/05	\$ 70.50	\$ 73.50	\$ 77.50	\$ 79.75	\$ 67.50	\$ 77.50	\$ 76.50	\$ 74.75	\$ 73.50
6/17/05	\$ 71.50	\$ 74.75	\$ 78.75	\$ 80.75	\$ 67.75	\$ 77.75	\$ 76.75	\$ 75.00	\$ 73.75
6/21/05	\$ 70.25	\$ 73.75	\$ 77.50	\$ 80.00	\$ 67.50	\$ 77.50	\$ 76.00	\$ 74.50	\$ 73.00

# NP15 Wholesale Price Summary

		Electric Prices ----->				Gas Prices ----->			Generation Costs	
NP15 6/21/2005		HLH	LLH *	Baseload	SuperPk**	6/21/2005 NYMEX	6/21/2005 Basis	PG&E CG	STIG	CT
JUL	Bid	\$69.50	\$54.74	\$63.15						
	Offer	\$70.25	\$55.33	\$63.83	\$83.60	\$7.47	(\$0.66)	\$6.81	\$65.69	\$112.53
Q3 05	Bid	\$72.75	\$55.18	\$65.20						
	Offer	\$73.75	\$55.94	\$66.09	\$85.55	\$7.54	(\$0.51)	\$7.03	\$67.67	\$115.83
Q4 05	Bid	\$76.50	\$60.00	\$69.41						
	Offer	\$77.50	\$61.00	\$70.41	\$79.67	\$8.12	(\$0.32)	\$7.80	\$74.60	\$127.38
Q1 06	Bid	\$79.00	\$61.92	\$71.65						
	Offer	\$80.00	\$62.70	\$72.56	\$80.32	\$8.87	(\$0.27)	\$8.60	\$81.80	\$139.38
Q2 06	Bid	\$66.50	\$49.75	\$59.30						
	Offer	\$67.50	\$50.50	\$60.19	\$69.19	\$7.57	(\$0.20)	\$7.37	\$70.73	\$120.93
Q3 06	Bid	\$82.75	\$59.22	\$72.63						
	Offer	\$83.75	\$59.94	\$73.51	\$97.15	\$7.61	(\$0.03)	\$7.58	\$72.62	\$124.08
YR 06	Bid	\$76.50	\$57.00	\$68.12						
	Offer	\$77.50	\$58.00	\$69.12	\$97.15	\$8.01	(\$0.16)	\$7.85	\$75.05	\$128.13
YR 07	Bid	\$75.25	\$56.25	\$67.08						
	Offer	\$76.00	\$57.25	\$67.94	\$92.23	\$7.55	(\$0.03)	\$7.52	\$72.08	\$123.18
YR 08	Bid	\$73.50	\$55.25	\$65.65						
	Offer	\$74.50	\$56.25	\$66.65	\$90.32	\$7.05	\$0.00	\$7.05	\$67.85	\$116.13
YR 09	Bid	\$72.00	\$53.75	\$64.15						
	Offer	\$73.00	\$54.75	\$65.15	\$90.56	\$6.66	\$0.03	\$6.69	\$64.61	\$110.73

**\*\*Defined as HE13-HE20, annual values represent Q3**

